

Executive Summary

Volume 9, Issue 1 | January 2024

State Paid Parental Leave Policy: A Tool to Reduce Inequality Within and Between Families

by David W. Rothwell, M.S.W., Ph.D.

ABSTRACT

In the absence of federal legislation, 13 states and the District of Columbia have implemented or passed paid parental leave policy. New evidence suggests that paid parental leave improves maternal and child health, reduces economic hardship, and has a positive impact on partner relations. Policy design features such as eligibility, leave duration, and wage replacement rates vary across states. To reduce between- and within-family inequality, paid parental leave should be accessible to all workers, should include full or near-full wage replacement, and should last at least 12 weeks.

The rise in levels of education and female employment across the 20th century has greatly reduced gender gaps in pay and employment. It has also exposed new demands for family care, child care, elder care, and caring for the ill, all of which are family responsibilities historically carried out by women and mothers at home.¹ As social and economic life continues to change rapidly, policymakers are grappling with how to support families who need time away from work to care for self or family. Paid family and medical leave (PFML) policies provide families with

time to give care, economic stability via wage replacement, and a connection to the labor market. Family leave policies originate with the employer or with governments at the city, state, or federal level. In the absence of federal policy, 13 states and the District of Columbia have implemented or passed legislation for paid family leave, which includes parental leave. As policies have rolled out, new evidence on the impacts of paid family leave has proliferated.

This brief appraises evidence on the effects of state-level paid leave policy,

with a specific focus on inequalities across the income distribution. It is worth noting that most of the accumulated evidence embraces a heteronormative assumption, under which families comprise male fathers and female mothers. As a result, the perspectives and policy responses of LGBTQ and other diverse families are largely absent from the research. The goal of this brief is to summarize the evidence to inform state policymakers who are considering adopting or revising paid parental leave policy.

TALKING POINTS

- At the time of a new birth, nearly all parents leave the workforce for the short term, for the long term, or permanently. Paid parental leave during this period guarantees that all families continue receiving economic resources and reduces stress at a critical point in the life course for families.
- Low-income workers have the most inflexible jobs and the least access to paid parental leave.
- The lack of a federal paid parental leave law means that many workers are without access to unpaid or paid leave. The existing patchwork of employer-sponsored and state-administered paid leave programs leads to many gaps across and within families.
- At the time of a new child's arrival, facing difficult trade-offs, low-income mothers and their partners often choose to work out of economic necessity.
- When state policies provide universal eligibility and sufficiently high wage replacement, paid parental leave policies can potentially reduce income inequality between and within families.

Challenges in implementation

The idea of paid parental leave is supported by a majority of voters and both Republican and Democrat leaders.⁴⁵ Paid parental leave was debated in the 117 U.S. Congress but dropped during the later stages of negotiations for the Inflation Reduction Act.⁴⁶ In the near future, action on paid parental leave policy is likely to occur at the state level. States looking to support working families will need to consider how to implement or revise existing paid parental leave policies. There is considerable variation in states' preparation and readiness to implement PFML policies. Many states that were early adopters of paid parental leave had existing Temporary Disability Insurance (TDI) programs that serve as a de facto paid parental leave policy. For example, California, Hawaii, New Jersey, New York, and Rhode Island have TDI programs that provide wage replacement but not job protection.⁴⁷ Several challenges must be considered. Research has not yet studied how variation in these elements will affect family well-being and inequality, but this is a fruitful area for future study.

Conclusion

Around the time of a new birth, the levels and availability of family economic resources shape the relationships among caregivers and are critical to a child's lifelong health and development. Parents face difficult choices around how to manage time off from work to ensure the stability of economic resources. Without a national paid family leave law, access to paid leave varies widely by employer and geographic location, leading to inequalities between and within families. While passing national paid parental leave has proved challenging, there is an opportunity for states to consider new policies or revisions to existing ones.

The body of research to date suggests that access to paid leave from work improves health, reduces gender

inequalities at home and in the labor market, and helps families avoid economic hardship. For low-income workers, replacement rates are particularly salient—low replacement rates may not encourage program uptake and lead to complex choices between paid leave and existing cash assistance programs. Overall, by guaranteeing continuity of resources around welcoming a new member to

the family, state-level policies on paid parental leave have the potential to make a positive impact on families. But policy structure matters such as eligibility, replacement rates, and duration of leave are likely to determine the extent to which paid parental leave policy will effectively reduce inequalities.

See more about what states can do in the full brief.

POLICY RECOMMENDATIONS

1. Establish universal paid parental leave for all workers, including part-time and seasonal workers.
2. Provide full wage replacement to low-income workers to ensure economic stability.
3. Promote paid leave policy to ensure maximum uptake. Promoting the program will require educating employers, employees, and institutions.
4. Conduct family-centered research on the potential impacts of paid parental leave for parents and all families.
5. Support cross-state research on how policy elements such as eligibility, replacement rates, and duration of leave affect family well-being and inequality.

Author Bio

David W. Rothwell, M.S.W., Ph.D., is the Barbara E. Knudson Endowed Chair in Family Policy and an Associate Professor of Human Development and Family Sciences at Oregon State University.

Please see the full brief for a complete set of references.

National Council on Family Relations

661 LaSalle Street, Suite 200, St. Paul, MN 55114

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